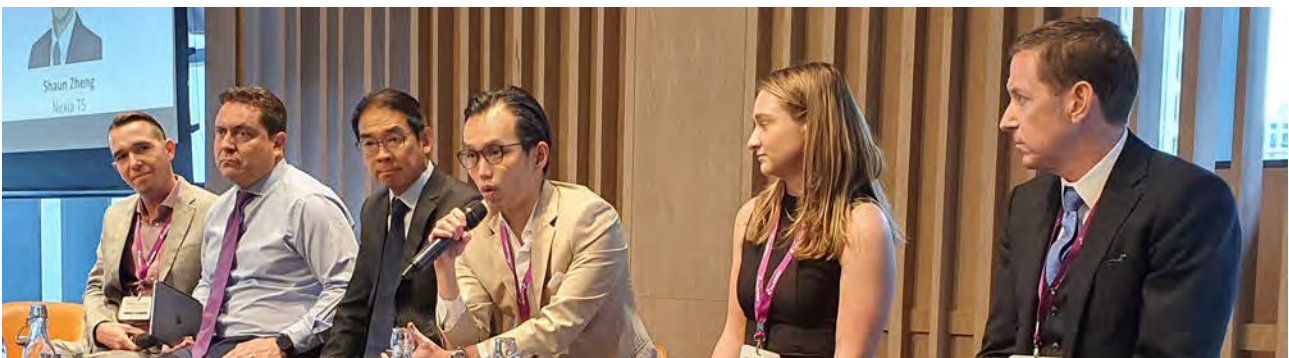


Compliance in Asian Wealth Management Forum 2020 Exclusive Insights



**At the Hubbis Compliance in Asian Wealth Management Forum
2020 in Singapore
on January 16, we asked leading industry experts for their
exclusive and incisive insights**

**We hope you enjoy this summary – it’s packed with content from the forum.
Click on the Speakers Name to view their BIO.
You can also read the transcripts in this document -
and click on Watch Video to view their exclusive interview.**

[Link to Event Homepage](#)

Who did we interview?

Andrew Chow
Compliance
Previously at BNP Paribas

Damian Hitchen
CEO Singapore
Swissquote

Vincent Koo
Head of Compliance
EFG Bank

Philipp Piaz
Partner
Finaport

John Shoemaker
Registered Foreign Lawyer
Butler Snow

Christina McNamara
Associate Director, Operational
Risk & Regulatory Compliance
IHS Markit

Tan Woon Hum
Partner, Head of Trust, Asset &
Wealth Management Practice
Shook Lin & Bok

Anu Phanse
Operational Risk and Business
Compliance
Swissquote

Andreas Wenger
General Manager, Asia Pacific
IMTF

Rene Hess
Co-Founder
LexiFi



Andrew Chow
Compliance
 Previously at BNP Paribas

Cybercrime - what new threats are there for you?

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The point about cybercrime is that it's all encompassing. It actually deals with phishing. It actually deals with penetration of the firewalls for the banks. It deals with the whole gamut of situations. So as a compliance officer, you need to understand what cybercrime is all about.

Fundamentally, where you are actually thinking about, for example, in the phishing operation, how you get involved with technology to make sure that the phishing is actually prevented, how you actually tell the regulators what exactly you're doing as far as this phishing expedition is considered.

In terms of penetration, you also have to think about the technology risk management guidelines in terms of how quickly you have to respond to the MAS, within four hours if it's a critical system, you also need to understand how these platforms work, in so far as you may need to explain to the regulators, and potentially to customers as well, what defences you've put up, how you've protected that data, which is really, really critical.

What are the challenges relating to electronic platforms or digital banks?

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The MAS has actually announced that there are five digital banking licenses available. Two full bank licenses and three wholesale

banking licenses. Now this is fundamentally different from what Hong Kong is doing in the context of the virtual banking license where anybody can apply for a virtual bank license. Now the key issue dealing with a virtual bank license in Singapore is that you need to actually understand how banking works. Now if somebody comes without actually having a unique selling proposition and they aren't able to penetrate the market, they can actually get this intermediated by the local banks, who already have a banking license, who have digital capability, and they already have that base of clients. The thing about the USP for a new digital bank is that it must be able to one - establish adequate capital, because the digital bank in four years would have to comply with Basel III capital requirements.

So therefore, if you can't, then that's a fundamental problem for a digital bank. Now, the thing is that if you actually look at payments platforms who want to come in into the banking space, that creates an issue for them as well because when you talk about platforms, you talk about ease of onboarding, you talk about low cost; that in itself cannot help

you in a digital banking license to the extent that you don't have your deposit taking, you don't have your lending, you don't have credit, you don't have market risk. So, it is a huge challenge for a non-bank to come in to get a digital bank license.

Damian Hitchen
CEO Singapore
 Swissquote

What are the challenges Compliance face during client onboarding with the Banks? Banks are becoming more stringent and taking at least 2-3 months to open an account.

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We're obviously facing increasing challenges from a compliance perspective, whether it be onboarding the client initially, whether it'd be transaction monitoring, ongoing due diligence. A key part of that is clearly technology. But when it comes to technology, it's important that compliance are involved in that process as well. Because a software program doesn't necessarily solve all the problems; you need to be able to put the outputs you require into the software, so compliance





working with the IT project team to make sure that whatever comes out of a new piece of technology, from a compliance perspective, is fit for purpose.

You recently arrived and set up your CMS licensed entity - how did that go?

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So again, just referencing the compliance side of the business, the first thing I did with my team is essentially show them what we do. So, I showed them our products, showed them our services, showed them how we operate. So, before they put their compliance hat on, which is obviously their MAS experience, is they're able to translate that into what we actually do as a business, and they start thinking in alignment with what we need to do as a business. So I think that's critically important. That process has gone really well. The MAS's quite clear in their guidelines. They do allow firms to take a lot of that responsibility on their own shoulders. And expectations is that the firm will act within those framework. So far, so good.

Vincent Koo
Head of Compliance
EFG Bank

What's important to the business owner - how do they think about compliance and regulation?

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As a business owner, if I'm a business owner for a bank, the last thing that I want to do is to have my bank or my name personally associated in a negative way in the press. So my take is that, as a business owner, clearly profitability is top. But at the same time, I want to make sure that I stay in the headline in a positive manner. When it comes to compliance, I would know that I need to do not just the bare minimum, but make sure that the bank there always is in compliance.

A big shift in MAS' stance towards accountability and conduct. What does this mean to you?

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As a compliance officer, you always feel that you are accountable for everything. At least that's what I feel alongside with the CEO. With the introduction of the individual



accountability and conduct, I think it just helps in terms of setting up who is responsible for what. In that manner, with this increased accountability, I actually think that it's actually better for me in a sense that, okay, it clearly delineates the responsibility of the various stakeholders, and I don't have to feel that I'm responsible for everything.

Philipp Piaž
Partner
Finaport

How does digital help?
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'How does digital help?' is actually in many, many ways very relevant to all of us, be that us on the independent side, be that the banks. Because digital will help, digital solutions help us identify a lot of problems or potential problems or challenges actually ahead of time. We have such a huge database these days of names with people who are connected with issues or potential

issues that we can very early on determine 'is it a business we want to take or not?' Digital helps once the business is in and the client is open to monitor what's happening in the portfolios, to monitor the clients' daily or weekly or quarterly activities, and help us stay on top of what risk currently we are running. With a portfolio, with a strategy, with the current markets, I think digital has really made a very, very big impact on our jobs. And in most ways, I think it's a very good tool we have rather than something that is potentially replacing a banker or an RM.

John Shoemaker
Registered Foreign Lawyer
Butler Snow

Navigating International Compliance Waters for Financial Institutions and Families in 2020
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Awareness versus expertise will be a key skill for any compliance officer, private banker, or wealth

planner to develop in 2020. The old days of ignoring problems or problems not bubbling up are gone. You need to develop an awareness enough to spot and not be caught off guard when an issue comes up in a conversation with a client or with a regulator. But also don't get over your skis to feel like because you are aware of an issue, that makes you an expert. Know when to involve colleagues or external experts that can give you that very particular piece of advice that closes the deal or ensures and efficient compliance with the various standards that confront multi-jurisdictional organisations and families in this year.

Christina McNamara
Associate Director, Operational Risk & Regulatory Compliance
IHS Markit

CRS Pre-Audit Preparation: what are the top 5 things that all Singapore Financial Institutions need to do before their first formal IRAS CRS audit assessment?
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It shouldn't be a surprise to Singapore institutions with the release of the guidance from IRAS and the intent for audit; we knew we'd always be in a state at some point of regular auditing around FATCA, CRS compliance. Some of the things that can be done now is, one - making sure institutions have the basics. You have processes, procedures, controls, and systems in place that you're actual-ly compliant. Another thing is regular training, especially when it comes to frontline staff who are dealing with these clients every day, making the decisions on who to onboard and what to invest in, making sure there's regular



trainings, and then also having internal checks and external checks. It will be the expectation of IRAS locally that institutions are taking the initiative to have regular au-dits and reviews.

Tax Havens vs International Financial Centre. Cayman vs Singapore - what are the new developments you must consider?
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With the difference between Cayman and Singapore, we have seen a regulatory shift in what the definition of beneficial ownership is and controlling the person. Generally, industries and jurisdictions take it at 25%. That has always been a standard from a FATF perspective. However, jurisdictions are starting to adopt stricter percentages on beneficial ownership. For example, I believe it was about nine months ago, Cayman came out and amended their previous 25% BO to 10%, which then shifts the structure of many institutions based in Cayman. BVI has done the same.



So that has put Singapore at a competitive advantage, still at 25%. But it'll be interesting to see, as Singapore does tend to follow industry shift, what will happen here.

Tan Woon Hum
Partner, Head of Trust, Asset & Wealth Management Practice
Shook Lin & Bok

Tax Havens vs International Financial Centre. Cayman vs Singapore - what are the new developments you must consider?
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This has been asked umpteen times in the last two years at least, but it's becoming more important now and more relevant today. Point number one, when it talks about this issue is - is there a good reason to stay in the Caribbeans, in these tax havens, and keep your structures there? If there's no logical, no good business reason, then you really have to take a more long term approach and view, and to make sure that you find a good international

financial centre that's stable, that's proactive, the role of law is strong, and it's a place where the professionals and the ecosystem is mature and able to service you and your clients.

So a place like Singapore is in a very good sweet spot because it allows the clients and the investors to consider a very viable option. The structures, the rule of law, the regulatory regime, as well as the regulators and professionals are here to support such migration and a progression of the funds, and asset / wealth management industry. Interestingly, linked to this is the newly launched variable capital company structure, which is similar to a protected cell or Cayman segregated portfolio company structure. This was just launched yesterday, 15 January 2020. It actually creates the flexibility for family office, multi-family office, EAMs, fund managers of all types, PEVC, hedge. So it actually presents a complete solution for a lot of advisors, asset and wealth managers, including family offices.



Anu Phanse
Operational Risk and Business Compliance
Swissquote

Banks have the challenge of dealing with the non-uniformity - what can you do?
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To put it in perspective, there are about 30% of the countries worldwide where there is no cyber-crime regulations, so it does make the job very difficult. Because if there's no local regulations on cybercrime, firstly there is a problem of existence of regulations, and then of course for the 70% where we do have cybercrime regulations, there's a problem of enforcement, because it's not re-ally easy to enforce that regulation because a lot of these are organised crimes, which probably the victim is in another country and the criminal is in a country outside the victim's country. So there is a lot of challenges around enforcement of the regulation, as well.

Andreas Wenger
General Manager, Asia Pacific
IMTF

Combatting Financial Crime including Anti Money Laundering, Countering Terrorist Financing, Anti Bribery measures - where should compliance teams focus their efforts?
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Knowing your client, what they do, profiling your client, identifying the risk, is a key factor in this whole part. If you understand the client, if you know him and you know what the client deals with, then you don't need to be worried. Of course then tools need to be

there to support you. You need to be able to analyse it, and also be a little bit open to technology in this space as well. Also there, AI and so on can help you and will support you in combating financial crime, fraud, and all these challenges that compliance is facing.

Rene Hess
Co-Founder
LexiFi

What does LexiFi do? Who are your clients? And how do you help them? (two answers, blend together)
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With LexiFi, we are a company based in Paris, where we the support banks and financial institutions to manage their derivative and structure products processes. Most of our customers use us to manage derivative and structure products throughout the life cycle of this product, and have the ability to at anytime report value, price, and document this product. In Asia, LexiFi also paired with 42 consulting, who is based in Singapore, to look after the interest and develop the market of LexiFi and brings in the specific flavours of Asian products and Asian processes within stock, bond derivatives processes. ■

